MARXISM

IN THE

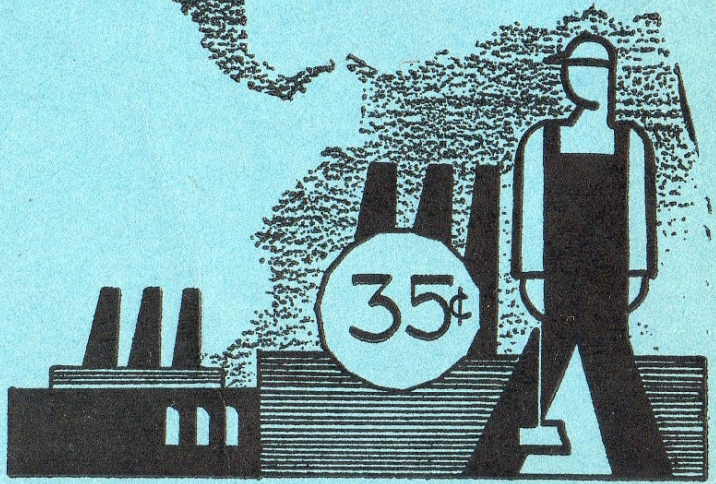
United States

by

LEON TROTSKY

Introduction by

ALBERT GATES



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Introduction

Leon Trotsky's essay was originally written as an introduction to "The Living Thoughts of Karl Marx," published by Longmans, Green and Co., in 1939. For certain technical reasons insisted on by the publisher several deletions were made from the original manuscript. The present pamphlet, however, contains the complete introduction as written by Trotsky. It has not previously appeared in full anywhere.

The fact that Trotsky wrote this essay shortly before the outbreak of the most destructive war in the history of mankind, does not detract one iota from its timeliness. It is true that he wrote with specific reference to the New Deal, the panacea for the social crisis which had reached American shores. But his penetrating analysis of the phenomenon of New Deal reformism (plus an annihilating criticism of its theorists and protagonists), of the permanent character of the social crisis, and of the inevitable disintegration of the capitalist economic system retain all their validity today.

The economic crisis which began with the stock market crash in 1929 and continued through the Thirties came as a shock to the capitalist ideologists of the United States. Unlike previous crises, this one seemed endless, and indeed it was—until the Second World War momentarily came to the rescue of a disintegrating economic system. Bourgeois economists, sociologists and historians had spent years proclaiming the unique character of the "American Way of Life," by which they meant that American capitalism was not subject to the laws of European capitalism. The doctrine of American "exceptionalism" based itself upon temporary and superficial phenomena (the nation's youth, its favorable geographical location, wealth of resources and peculiar historical development), and ignored the fundamental development of the United States as a capitalist nation.

If the hitherto constant expansion and prosperity of American

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capitalism had made its soil unfavorable for the acceptance of the revolutionary Marxist science by the labor movement, the crisis of the Thirties altered this condition. The very wealth of the most nearly perfect capitalist structure in the world produced an economic breakdown whose depth was in direct proportion to the high point of its growth. At the same time, the crisis revealed beyond a shadow of doubt that American capitalism was subject to the very same laws of growth, stagnation and decline as the older capitalisms of Europe. Trotsky's elucidation of Marxist economic theory, its power of analysis and prediction, used as its practical test-subject the social crisis in the United States. This social crisis endures despite the interruption of the war. Its basic characteristics have been sharpened precisely by a vast wartime expansion in a narrowing world market, the net effect of which has been to infuse the system with new and more violent contradictions. For that reason alone, this pamphlet is a guide to the whole post-war period and the new economic crisis that is destined to recur with even more shattering consequences than the previous one.

The effects of the war have only widened the gulf between the classes in this country. Monopolized wealth has become concentrated into even fewer hands; economic instability has become fundamentally deeper and more widespread. The struggles of labor in the post-war period reflect this basic contradiction of modern capitalist society in the issues they have encompassed. Labor cannot struggle merely for wages, hours and conditions of work. Impelled by the unending social crisis, whether it understands this or not, the labor movement is driven to elevate its economic struggles to a higher social plane. Labor is forced to speak against its ruling class in behalf of society as a whole. When the labor movement fights against high prices and race discrimination, for a housing program and a guaranteed annual wage; when it raises such slogans as "Open the Books!", it is for the first time, in the United States, so broadening its economic struggles as to threaten the very structure of capitalism, the profit system and the private property relations upon which it rests.

The capitalist class in the United States is incapable of solving the social crisis. It can maintain the profit system only by depressing the living standards of the working class and the people in the society, making their lives even more insecure than they are

today. It can remain in power only by weakening the resistive power of the labor movement, by fostering labor disunity, and by strengthening its ideological hold in the most reactionary form upon the masses. The bourgeoisie receives incalculable assistance in this from a labor officialdom whose ideology is capitalist.

The longer capitalism exists, the greater becomes the problem of mere existence for the masses. An elemental feeling of insecurity growing out of the lessons of earlier crises compels the labor movement to fight with greater persistence, vigor and intensity than ever before. It was not the New Deal, but the severe social crisis, which produced this new, powerful labor movement. But if the American working class has shown a remarkable and aggressive understanding of the need to be organized economically, its ideological development has not paralleled its trade union growth. It remains unorganized politically, as a class in its own behalf. Thus, while labor struggles valiantly, battering its powerful fists against the capitalist doors barring the way to the advance of civilization, it will all be in vain unless labor frees itself from the impediments of bourgeois thought and practice. For the key to the emancipation of the working class and all of society is Marxist social science. American workers, and those who hope to lead them in their historic struggles, must overcome deep-rooted prejudices against Marxism resulting from decades of bourgeois ideological training, before real freedom can even be hoped for.

Trotsky's pamphlet is an answer to the ideologists of capitalism, the new as well as the old—those who discover "new" economic laws, "new" social classes, and a "new" equality between the unequal and antagonistic social classes and groups which comprise the capitalist system in this country. To the bankruptcy of bourgeois pseudo-social science, the pamphlet opposes the revolutionary, progressive social science of Marxism. For Marxism is the science of the liberation of the working class and all oppressed peoples from capitalist exploitation, wars and crises. It is the science of the liberation of all humanity, the whole of society, from stagnation, retrogression and barbarism. If, then, this little pamphlet will help to stimulate the passion of American workers to adopt as their own the universal weapon of Marxism, it will have accomplished its main purpose. Trotsky once wrote:

"Now dawns the new epoch of an independent class

movement of the proletariat and at the same time—genuine Marxism. In this, too, America will in a few jumps catch up with Europe and outdistance it. Marx will become the mentor of the advanced American workers."

In this lies the hope of the American working class.

ALBERT GATES.

MARXISM AND OUR TIMES

THIS book compactly sets forth the fundamentals of Marx's economic teaching in Marx's own words. After all, no one has yet been able to expound the theory of labor value better than Marx himself. The abridgement of the first volume of *Capital*—the foundation of Marx's entire system of economics—was made by Mr. Otto Rühle with great care and with profound understanding of his task. First to be eliminated were obsolete examples and illustrations, then quotations from writings which today are only of historic interest, polemics with writers now forgotten, and finally numerous documents—Acts of Parliament, reports of factory inspectors, and the like—which whatever their importance for understanding a given epoch, have no place in a concise exposition that pursues theoretical rather than historical objectives. At the same time, Mr. Rühle did everything to preserve continuity in the development of the scientific analysis as well as unity of exposition. Logical deductions and dialectic transitions of thought have not, we trust, been infringed at any point. It stands to reason that this extract calls for attentive and thoughtful perusal. To aid the reader, Mr. Otto Rühle has supplied the text with succinct marginal titles.

Certain of Marx's argumentations, especially in the first, the most difficult chapter, may seem to the uninitiated reader far too discursory, hair-splitting, or "metaphysical." As a matter of fact, this impression arises in consequence of the want of habit to approach overly habitual phenomena scientifically. The commodity has become such an all-pervasive, customary and familiar part of our daily existence that we, lulled to sleep, do not even attempt to consider why men relinquish important objects, needed to sustain life, in exchange for tiny discs of gold or silver that are of no earthly use whatever. The matter is not limited to the commodity. One and all of the categories (the basic concepts)

of market economy seem to be accepted without analysis, as self-evident, as if they were the natural basis of human relations. Yet, while the realities of the economic process are human labor, raw materials, tools, machines, division of labor, the necessity to distribute finished products among the participants of the labor process, and the like, such categories as "commodity," "money," "wages," "capital," "profit," "tax," and the like are only semi-mystical reflections in men's heads of the various aspects of a process of economy which they do not understand and which is not under their control. To decipher them, a thoroughgoing scientific analysis is indispensable.

In the United States, where a man who owns a million is referred to as being "worth" a million, market concepts have sunk in deeper than anywhere else. Until quite recently Americans gave very little thought to the nature of economic relations. In the land of the most powerful economic system economic theory continued to be exceedingly barren. Only the present deep-going crisis of American economy has bluntly confronted public opinion with the fundamental problems of capitalist society. In any event, whoever has not overcome the habit of uncritically accepting the ready-made ideological reflections of economic development, whoever has not reasoned out, in the footsteps of Marx, the essential nature of the commodity as the basic cell of the capitalist organism, will prove to be forever incapable of scientifically comprehending the most important and the most acute manifestations of our epoch.

Marx's Method

Having established science as cognition of the objective recurrences of nature, man has tried stubbornly and persistently to exclude himself from science, reserving for himself special privileges in the shape of alleged intercourse with supersensory forces (religion), or with timeless moral precepts (idealism). Marx deprived man of these odious privileges definitely and forever, looking upon him as a natural link in the evolutionary process of material nature; upon human society as the organization of production and distribution; upon capitalism as a stage in the development of human society.

It was not Marx's aim to discover the "eternal laws" of economy. He denied the existence of such laws. The history of the

development of human society is the history of the succession of various systems of economy, each operating in accordance with its own laws. The transition from one system to another was always determined by the growth of the productive forces, i.e., of technique and the organization of labor. Up to a certain point, social changes are quantitative in character and do not alter the foundations of society, i.e., the prevalent forms of property. But a point is reached when the matured productive forces can no longer contain themselves within the old forms of property; then follows a radical change in the social order, accompanied by shocks. The primitive commune was either superseded or supplemented by slavery; slavery was succeeded by serfdom with its feudal superstructure; the commercial development of cities brought Europe in the sixteenth century to the capitalist order, which thereupon passed through several stages. In his *Capital*, Marx does not study economy in general, but *capitalist* economy, which has its own specific laws. Only in passing does he refer to the other economic systems to elucidate the characteristics of capitalism.

The self-sufficient economy of the primitive peasant family has no need of a "political economy," for it is dominated on the one hand by the forces of nature and on the other by the forces of tradition. The self-contained natural economy of the Greeks or the Romans, founded on slave labor, was ruled by the will of the slave-owner, whose "plan" in turn was directly determined by the laws of nature and routine. The same might also be said about the medieval estate with its peasant serfs. In all these instances economic relations were clear and transparent in their primitive crudity. But the case of contemporary society is altogether different. It destroyed the old self-contained connections and the inherited modes of labor. The new economic relations have linked cities and villages, provinces and nations. Division of labor has encompassed the planet. Having shattered tradition and routine, these bonds have not composed themselves to some definite plan, but rather apart from human consciousness and foresight, and it would seem as if behind the very backs of men. The interdependence of men, groups, classes, nations, which follows from division of labor, is not directed or managed by anyone. People work for each other without knowing each other, without inquiring about one another's needs, in the hope, and

even with the assurance, that their relations will somehow regulate themselves. And by and large they do, or rather were wont to.

It is utterly impossible to seek the causes for the recurrences of capitalist society in the subjective consciousness—in the intentions or plans—of its members. The objective recurrences of capitalism were formulated before science began to think about them seriously. To this day the preponderant majority of men know nothing about the laws that govern capitalist economy. The whole strength of Marx's method was in his approach to economic phenomena, not from the subjective point of view of certain persons, but from the objective point of view of society as a whole, just as an experimental natural scientist approaches a beehive or an ant-hill.

For economic science the decisive significance is what and how people do, not what they themselves think about their actions. At the base of society is not religion and morality, but nature and labor. Marx's method is *materialistic*, because it proceeds from existence to consciousness, not the other way around. Marx's method is *dialectic*, because it regards both nature and society as they evolve, and evolution itself as the constant struggle of conflicting forces.

Marxism and Official Science

Marx had his predecessors. Classical political economy—Adam Smith, David Ricardo—reached its full bloom before capitalism had grown old, before it began to fear the morrow. Marx paid to both great classicists the perfect tribute of profound gratitude. Nevertheless the basic error of classical economics was its view of capitalism as humanity's normal existence for all time instead of merely as one historical stage in the development of society. Marx began with a criticism of that political economy, exposed its errors, as well as the contradictions of capitalism itself, and demonstrated the inevitability of its collapse. As Rosa Luxemburg has very aptly observed, Marx's economic teaching is a child of classical economics, a child whose birth cost its mother her life.

Science does not reach its goal in the hermetically sealed study of the scholar, but in flesh-and-blood society. All the interests and passions that rend society asunder, exert their influence on the development of science—especially of political economy, the

science of wealth and poverty. The struggle of workers against capitalists forced the theoreticians of the bourgeoisie to turn their backs upon a scientific analysis of the system of exploitation and to busy themselves with a bare description of economic facts, a study of the economic past and, what is immeasurably worse, a downright falsification of things as they are for the purpose of justifying the capitalist régime. The economic doctrine which is nowadays taught in official institutions of learning and preached in the bourgeois press offers no dearth of important factual material, yet it is utterly incapable of encompassing the economic process as a whole and discovering its laws and perspectives, nor has it any desire to do so. Official political economy is dead. Real knowledge of capitalist society can be obtained only through Marx's *Capital*.

The Law of Labor Value

In contemporary society man's cardinal tie is exchange. Any product of labor that enters into the process of exchange becomes a commodity. Marx began his investigation with the commodity and deduced from that fundamental cell of capitalist society those social relations that have objectively shaped themselves on the basis of exchange, independently of man's will. Only by pursuing this course is it possible to solve the fundamental puzzle—how in capitalist society, in which man thinks for himself and no one thinks for all, are created the relative proportions of the various branches of economy indispensable to life.

The worker sells his labor power, the farmer takes his produce to the market, the money lender or banker grants loans, the storekeeper offers an assortment of merchandise, the industrialist builds a plant, the speculator buys and sells stocks and bonds—each having his own considerations, his own private plan, his own concern about wages or profit. Nevertheless, out of this chaos of individual strivings and actions emerges a certain economic whole, which, true, is not harmonious, but contradictory, yet does give society the possibility not merely to exist but even to develop. This means that, after all, chaos is not chaos at all, that in some way it is regulated automatically, if not consciously. To understand the mechanism whereby various aspects of economy are brought into a state of relative balance, is to discover the objective laws of capitalism.

Clearly, the laws which govern the various spheres of capitalist economy—wages, price, land, rent, profit, interest, credit, the Stock Exchange—are numerous and complex. But in the final reckoning they come down to the single law that Marx discovered and explored to the end; that is, *the law of labor value*, which is indeed the basic regulator of capitalist economy. The essence of that law is simple. Society has at its disposal a certain reserve of living labor power. Applied to nature, that power produces products necessary for the satisfaction of human needs. In consequence of division of labor among independent producers, the products assume the form of commodities. Commodities are exchanged for each other in a given ratio, at first directly, and eventually through the medium of gold or money. The basic property of commodities, which in a certain relationship makes them equal to each other, is the human labor expended upon them—abstract labor, labor in general—the basis and the measure of value. Division of labor among millions of scattered producers does not lead to the disintegration of society, because commodities are exchanged according to the socially necessary labor time expended upon them. By accepting and rejecting commodities, the market, as the arena of exchange, decides whether they do or do not contain within themselves socially necessary labor, thereby determines the ratios of the various kinds of commodities necessary for society, and consequently also the distribution of labor power according to the various trades.

The actual processes of the market are immeasurably more complex than has been here set forth in but a few lines. Thus, oscillating around the value of labor, prices fluctuate considerably above and below their value. The causes of these fluctuations are fully explained by Marx in the third volume of *Capital*, which describes "the process of capitalist production considered as a whole." Nevertheless, great as may be the divergencies between the prices and the values of commodities in individual instances, the sum of all prices is equal to the sum of all values, for in the final reckoning only the values that have been created by human labor are at the disposal of society, and prices cannot break through this limitation, including even the monopoly prices of trusts; where labor has created no new value, there even Rockefeller can get nothing.

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Inequality and Exploitation

But if commodities are exchanged for each other according to the quantity of labor invested in them, how does inequality come out of equality? Marx solved this puzzle by exposing the peculiar nature of one of the commodities, which lies at the basis of all other commodities: namely, labor power. The owner of means of production, the capitalist, buys labor power. Like all other commodities, it is evaluated according to the quantity of labor invested in it, i.e., of those means of subsistence which are necessary for the survival and the reproduction of the worker. But the consumption of that commodity—labor power—consists of work, i.e., the creation of new values. The quantity of these values is greater than those which the worker himself receives and which he expends for his upkeep. The capitalist buys labor power in order to exploit it. It is this exploitation which is the source of inequality.

That part of the product which goes to cover the worker's own subsistence Marx calls *necessary*-product; that part which the worker produces above this, is *surplus*-product. Surplus-product must have been produced by the slave, or the slave-owner would not have kept any slaves. Surplus-product must have been produced by the serf, or serfdom would have been of no use to the landed gentry. Surplus-product, only to a considerably greater extent, is likewise produced by the wage worker, or the capitalist would have no need to buy labor power. The class struggle is nothing else than the struggle for surplus-product. He who owns surplus-product is master of the situation—owns wealth, owns the state, has the key to the church, to the courts, to the sciences and to the arts.

Competition and Monopoly

Relations amongst capitalists, who exploit the workers, are determined by competition, which for long endures as the mainspring of capitalist progress. Large enterprises enjoy technical, financial, organizational, economic and, last but not least, political advantages over small enterprises. The greater amount of capital, being able to exploit a greater number of workers, inevitably emerges victorious out of a contest. Such is the unalterable basis of the concentration and centralization process of capital.

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While stimulating the progressive development of technique, competition gradually consumes, not only the intermediary layers, but itself as well. Over the corpses and the semi-corpses of small and middling capitalists, emerges an ever-decreasing number of ever more powerful capitalist overlords. Thus, out of "honest," "democratic," "progressive" competition grows irrevocably "harmful," "parasitic," "reactionary" monopoly. Its sway began to assert itself in the eighties of the past century, assuming definite shape at the turn of the present century. Now the victory of monopoly is openly acknowledged by the most official representatives of bourgeois society. Competition as a restraining influence, complains the former Attorney-General of the United States, Mr. Homer S. Cummings, is being gradually displaced and, in large fields, remains only "as a shadowy reminder of conditions that once existed." Yet when in the course of his prognosis Marx had first deduced monopoly from the inherent tendencies of capitalism, the bourgeois world had looked upon competition as an eternal law of nature.

The elimination of competition by monopoly marks the beginning of the disintegration of capitalist society. Competition was the creative mainspring of capitalism and the historical justification of the capitalist. By the same token the elimination of competition marks the transformation of stockholders into social parasites. Competition had to have certain liberties, a liberal atmosphere, a régime of democracy, of commercial cosmopolitanism. Monopoly needs as authoritative a government as possible, tariff walls, "its own" sources of raw materials and arenas of marketing (colonies). The last word in the disintegration of monopolistic capital is *Fascism.*

Concentration of Wealth and the Growth of Class Contradictions

Capitalists and their advocates try in every way to hide the real extent of the concentration of wealth from the eyes of the people as well as from the eyes of the tax collector. In defiance of the obvious, the bourgeois press is still attempting to maintain the illusion of a "democratic" distribution of capitalist investment. The *New York Times,* in refutation of the Marxists, points out that there are from three to five million separate employers

of labor. Joint-stock companies, it is true, represent greater concentration of capital than three to five million separate employers, yet the United States does have "half a million corporations." This sort of trifling with lump sums and average figures is resorted to, not in order to disclose, but in order to hide things as they are.

From the beginning of the war until 1923 the number of plants and factories in the United States fell from index figure 100 to 98.7, while the mass of industrial production rose from 100 to 156.3. During the years of sensational prosperity (1923-1929), when it seemed that everybody was getting rich, the number of establishments fell from 100 to 93.8, while production rose from 100 to 113. Yet the concentration of business establishments, bound by their ponderous material bodies, is far behind the concentration of their souls, i.e., ownership. In 1929 the United States did actually have more than 300,000 corporations, as the *New York Times* correctly observes. It is only necessary to add that 200 of these, i.e., 0.07 per cent of the entire number, directly controlled 49.2 per cent of the assets of all the corporations, four years later that ratio had already risen to 56 per cent while during the years of Roosevelt's administration it has undoubtedly risen still higher. Inside these 200 leading corporations the actual domination belongs to a small minority. A Senate committee found out in February, 1937, that for the past twenty years the decisions of twelve of the very largest corporations have been tantamount to directives for the greater part of American industry. The number of chairmen of the board of these corporations is about the same as the number of members in the cabinet of the President of the United States, the executive branch of the republic's government. But these chairmen of the board are immeasurably more powerful than the cabinet members.

The same processes may be observed in the banking and insurance systems. Five of the largest insurance companies in the United States have absorbed not only the other companies but even many banks. The total number of banks is reduced, chiefly in the form of so-called "mergers," essentially by being absorbed. The extent of the turnover grows rapidly. Above the banks rises the oligarchy of super-banks. Bank capital merges with industrial capital into financial super-capital. Supposing that the concentration of industry and banks were to proceed at the same rate

as during the last quarter of a century—as a matter of fact, the tempo of concentration is on the increase—in the course of the impending quarter century the monopolists will have garnered unto themselves the entire economy of the country, without leaving over so much as the widow's mite.

The statistics of the United States are here resorted to only because they are more exact and more striking. Essentially the process of concentration is international in character. Throughout the various stages of capitalism, through phases of conjunctural cycles, through all the political régimes, through peaceful periods as well as through periods of armed conflicts, the process of the concentration of all the great fortunes into an ever-decreasing number of hands has gone on and will continue without end. During the years of the Great War, when the nations were bleeding to death, when the very bodies politic of the bourgeoisie lay crushed under the weight of national debts, when fiscal systems rolled into the abyss, dragging the middle classes after them, the monopolists were coining unprecedented profits out of the blood and muck. The most powerful companies of the United States increased their assets during the years of the war two, three, four and more times and swelled their dividends to 300, 400, 900 and more per cent.

In 1840, eight years before the publication by Marx and Engels of the Manifesto of the Communist Party, the famous French writer Alexis de Tocqueville wrote in his book on *Democracy in America*: "Great wealth tends to disappear, the number of small fortunes to increase." That thought has been reiterated innumerable times, at first with reference to the United States, later with reference to those other young democracies, Australia and New Zealand. Of course, de Tocqueville's view was already erroneous in his own day. Still, real concentration of wealth began only after the American Civil War, on the eve of which de Tocqueville died. At the beginning of the present century two per cent of the population of the United States already owned more than half of the entire wealth of the country; in 1929 the same two per cent owned three-fifths of the national wealth. At the same time 36,000 wealthy families had as great an income as 11,000,000 middling and poor families. During the crisis of 1929-1933 monopolistic establishments had no need to appeal to public charity; on the contrary, they rose higher than ever above

the general decline of national economy. During the ensuing rickety industrial revival on the yeast-cakes of the New Deal the monopolists again skimmed a lot of heavy cream. The number of the unemployed decreased at best from 20,000,000 to 10,000,000; at the same time the upper crust of capitalist society—no more than 6,000 adults—garnered fantastic dividends; this is what Solicitor General Robert H. Jackson proved with figures during his tenure as Anti-Trust Assistant Attorney-General.

Ferdinand Lundberg who, for all his scholarly conscientiousness, is a rather conservative economist, wrote in his book, which created quite a stir: "The United States is owned and dominated today by a hierarchy of sixty of the richest families, buttressed by no more than ninety families of lesser wealth." To these might be added a third tier of perhaps three hundred and fifty other families, with incomes in excess of a hundred thousand dollars a year. The predominant position there belongs to the first group of sixty families, who dominate not only the market but all the levers of government. They are the real government, "the government of money in a dollar democracy."

Thus, the abstract concept, "monopolistic capital" is filled in for us with flesh and blood. What it means is that a handful of families, bound by ties of kinship and common interest into an exclusive capitalist oligarchy, dispose of the economic and political fortunes of a great nation. One must perforce admit that the Marxist law of concentration has worked out famously!

Has Marx's Teaching Become Obsolete?

Questions of competition, concentration of wealth, and monopoly naturally lead to the question whether in our day Marx's economic theory is merely of historic interest—as, for example, Adam Smith's theory—or whether it continues to be of actual significance. The criterion for replying to that question is simple: if the theory correctly estimates the course of development and foresees the future better than other theories, it remains the most advanced theory of our time, be it even scores of years old.

The famous German economist, Werner Sombart, who was virtually a Marxist at the beginning of his career but later revised all the more revolutionary aspects of Marx's teaching, especially those most unpalatable for the bourgeoisie, in 1928, toward the end of his career, countered Marx's *Capital* with his own *Capi-*

talism, which has been translated into many languages and which is probably the best known exposition of bourgeois economic apologetics in recent times. After paying the tribute of platonic appreciation to the tenets of *Capital*'s author, Sombart writes at the same time, "Karl Marx prophesied: firstly, the increasing misery of wage laborers; secondly, general 'concentration,' with the disappearance of the class of artisans and peasants; thirdly, the catastrophic collapse of capitalism. Nothing of the kind has come to pass."

Against this erroneous prognosis Sombart counterposes his own "strictly scientific" prognosis. "Capitalism will continue," according to him, "to transform itself internally in the same direction in which it has already begun to transform itself, at the time of its apogee: as it grows older, it will become more and more calm, sedate, reasonable." Let us try to verify, if only along the basic lines, which of the two is right, Marx, with his prognosis of catastrophe, or Sombart, who in the name of all bourgeois economy, promised that matters would be adjusted "calmly, sedately, reasonably." The reader will agree that the question is worthy of notice.

"The Theory of Increasing Misery"

"Accumulation of wealth at one pole," wrote Marx sixty years before Sombart, "is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole, i.e., on the side of the class that produces its product in the form of capital." That thesis of Marx's, under the name "The Theory of Increasing Misery," has been subjected to constant attacks by democratic and social-democratic reformers, especially during the period 1896-1914, when capitalism developed rapidly and yielded certain concessions to the workers, especially to their upper stratum. After the World War, when the bourgeoisie, frightened by its own crimes and by the October Revolution, took to the road of advertised social reforms, the value of which was simultaneously nullified by inflation and unemployment, the theory of the progressive transformation of capitalist society seemed to the reformers and to the bourgeois professors fully warranted. "The purchasing power of wage labor," Sombart assured us in 1928, "has increased in direct ratio to the expansion of capitalist production."

As a matter of fact, the economic contradiction between the proletariat and the bourgeoisie was aggravated during the most prosperous periods of capitalist development, when the rise in the standard of living of certain strata of toilers, which at times was rather extensive, hid from superficial eyes the decrease of the proletariat's share in the national income. Thus, just before falling into prostration, the industrial production of the United States increased by 50 per cent between 1920 and 1930, while the sum paid out in wages rose only by 30 per cent, which meant, Sombart's assurances notwithstanding, a tremendous decrease of labor's share in the national income. In 1930 began an ominous growth of unemployment, and in 1933 a more or less systematic aid to the unemployed, who received in the form of relief hardly more than one-half of what they had lost in the form of wages. The illusion of the uninterrupted "progress" of all classes has vanished without a trace. The *relative* decline of the masses' standard of living has been superseded by an *absolute* decline. Workers begin by economizing on skimpy entertainment, then on their clothes and finally on their food. Articles and products of average quality are superseded by shoddy ones, and the shoddy by the worst. Trade unions begin to look like the man who hangs on desperately while going down in a rapidly descending escalator.

With six per cent of the world's population, the United States holds forty per cent of the world's wealth. Still, one-third of the nation, as Roosevelt himself admitted, is undernourished, inadequately clothed, and lives under subhuman conditions. What is there to say, then, for the far less privileged countries? The history of the capitalist world since the last war has irrefutably borne out the so-called "theory of increasing misery." The increase in the social polarity of society is today acknowledged not only by every competent statistician, but even by statesmen who remember the rudimentary rules of arithmetic.

The fascist régime, which merely reduced to the utmost the limit of decline and reaction inherent in any imperialist capitalism, became indispensable when the degeneration of capitalism blotted out the possibility of maintaining illusions about an increase in the proletariat's standard of living. Fascist dictatorship means the open acknowledgment of the tendency to impoverishment, which the wealthier imperialist democracies are still trying to disguise. Mussolini and Hitler persecute Marxism with such

hatred precisely because their own régime is the most horrible confirmation of the Marxist prognosis. The civilized world was indignant or pretended to be indignant when Göring, in the tone of the executioner and buffoon peculiar to him, declared that guns were more important than butter, or when Cagliostro-Casanova-Mussolini advised the workers of Italy to learn to pull in tighter the belts on their black shirts. But does not substantially the same take place in the imperialist democracies? Butter everywhere is used to grease guns. The workers of France, England, the United States learn to pull in their belts without having black shirts. In the richest country of the world millions of workers have turned into paupers living at the expense of federal, state, municipal or private charity.

The Reserve Army and New Sub-Class of the Unemployed

The industrial reserve army makes up an indispensable component part of the social mechanics of capitalism, as much as a supply of machines and raw materials in factory warehouses or of finished products in stores. Neither the general expansion of production nor the adaptation of capital to the periodic ebb and flow of the industrial cycle would be possible without a reserve of labor-power. From the general tendency of capitalist development—the increase of constant capital (machines and raw materials) at the expense of variable capital (labor-power)—Marx drew the conclusion: "The greater the social wealth . . . the greater is the industrial reserve army . . . the greater is the mass of a consolidated surplus-population . . . the greater is official pauperism. *This is the absolute general law of capitalist accumulation.*"

The thesis—indissolubly bound up with the "theory of increasing misery" and for scores of years denounced as "exaggerated," "tendentious," and "demagogic"—has now become the irreproachable theoretical image of things as they are. The present army of unemployed can no longer be regarded as a "reserve army," because its basic mass can no longer have any hope of returning to employment; on the contrary, it is bound to be swelled by a constant flow of additional unemployed. Disintegrating capitalism has brought up a whole generation of young people who have never had a job and have no hope of getting one. This new sub-class between the proletariat and the semi-proletariat is forced to live at the expense of society. It has been esti-

mated that in the course of nine years (1930-1938) unemployment has taken out of the economy of the United States more than 43,000,000 labor man-years. Considering that in 1929, at the height of prosperity, there were two million unemployed in the United States and that during those nine years the number of potential workers has increased by five million, the number of lost man-years must be incomparably higher. A social régime ravaged by such a plague is sick unto death. The proper diagnosis of this malady was made nearly four score of years ago, when the disease itself was a mere germ.

The Decline of the Middle Classes

Figures which demonstrate the concentration of capital indicate therewith that the specific gravity of the middle class in production and its share of the national income have been constantly declining, while small holdings have either been completely swallowed up by the large or reduced in grade and robbed of their independence, becoming a mere badge of unendurable toil and desperate want. At the same time, it is true, the development of capitalism has considerably stimulated an increase in the army of technicians, managers, servicemen, clerks, attorneys, physicians —in a word, of the so-called "new middle classes." But that stratum, the growth of which was already no mystery even to Marx, has little in common with the old middle class, who in the ownership of its own means of production had a tangible guarantee of economic independence. The "new middle class" is more directly dependent on the capitalists than are the workers, whose taskmaster it is in large measure. Moreover, among it, too, has been noticed considerable overproduction, with its aftermath of social degradation.

"Reliable statistical information," states a person as remote from Marxism as the already-quoted former Attorney-General Homer S. Cummings, "shows that very many industrial units have completely disappeared and that what took place was a progressive elimination of the small business man as a factor in American life." But, objects Sombart along with many of his forerunners and successors, notwithstanding Marx, "general concentration, with the disappearance of the class of artisans and peasants," has not yet taken place. It is hard to say which carries more weight in such an argument, irresponsibility or bad faith. Like every

theoretician, Marx began by isolating the fundamental tendencies in their pure form; otherwise, it would have been altogether impossible to understand the destiny of capitalist society. Marx himself was, however, perfectly capable of viewing the phenomena of life in the light of concrete analysis, as a product of the concentration of diverse historical factors. Surely, Newton's laws are not invalidated by the fact that the rate of speed in the fall of bodies varies under different conditions or that the orbits of planets are subjected to disturbances.

In order to understand the so-called "tenacity" of the middle classes, it is well to bear in mind that the two tendencies, the ruination of the middle classes and the transformation of these ruined ones into proletarians, develop neither at an even pace nor to the same extent. It follows from the increasing preponderance of the machine over labor-power that the further the process of ruination of the middle classes proceeds, the more it outstrips the process of their proletarianization; indeed, at a certain juncture the latter must cease altogether and even back up.

Just as the operation of the laws of physiology yields different results in a growing than in a dying organism, so the laws of Marxist economy assert themselves differently in a developing and a disintegrating capitalism. This difference is shown with especial clarity in the mutual relations of town and country. The rural population of the United States, increasing comparatively less than the total population, continued to increase in absolute figures until 1910, when it amounted to more than 32,000,000. During the subsequent twenty years, notwithstanding the rapid increase in the country's total population, it fell to 30.4 millions, i.e., by 1.6 millions. But in 1935 it rose again to 32.8 millions, swelling in comparison with 1930 by 2.4 millions. This turn of the wheel, astonishing at first glance, does not in the least refute either the tendency of the urban population to increase at the expense of the rural population, or the tendency of the middle classes to become atomized while at the same time it demonstrates most pointedly the disintegration of the capitalist system as a whole. The increase in the rural population during the period of the acute crisis of 1930-1935 is simply explained by the fact that well-nigh two million of urban population, or, speaking more to the point, two million of starving unemployed, moved into the country—to plots of land abandoned by farmers or to the farms

of their kith and kin, so as to apply their labor-power, rejected by society, to productive natural economy and in order to drag out a semi-starved existence instead of starving altogether.

Hence, it is not a question of the stability of small farmers, artisans and storekeepers, but rather of the abject helplessness of their situation. Far from being a guarantee of the future, the middle class is an unfortunate and tragic relic of the past. Unable to stamp it out altogether, capitalism has managed to reduce it to the utmost degree of degradation and distress. The farmer is denied, not only the rent due him for his plot of land and the profit on his invested capital, but even a goodly portion of his wages. Similarly, the little fellows in town fret out their alloted span between economic life and death. The middle class is not proletarianized only because it is pauperized. In that it is just as hard to find an argument against Marx as in favor of capitalism.

Industrial Crises

The end of the past and the beginning of the present century were marked by such overwhelming progress made by capitalism that cyclical crises seemed to be no more than "accidental" annoyances. During the years of almost universal capitalist optimism, Marx's critics assured us that the national and international development of trusts, syndicates and cartels introduced planned control of the market and presaged the final triumph over crises. According to Sombart, crises had already been "abolished" before the war by the mechanics of capitalism itself, so that "the problem of crises leaves us today virtually indifferent." Now, a mere ten years later, these words sound like hollow mockery, while only in our own day does Marx's prognosis loom in the full measure of its tragic cogency. In an organism with poisoned blood every incidental illness tends to become chronic in character; even so, in the rotting organism of monopolistic capitalism crises assume a particularly malignant form.

It is remarkable that the capitalist press, which half-way tries to deny the very existence of monopolies, resorts to these same monopolies in order half-way to deny capitalistic anarchy. If sixty families were to control the economic life of the United States, the *New York Times* observes ironically, "it would show that American capitalism, so far from being 'planless'. . . is organized with great neatness." This argument misses the mark.

Capitalism has been unable to develop a single one of its trends to the ultimate end. Just as the concentration of wealth does not abolish the middle class, so monopoly does not abolish competition, but only bears down on it and mangles it. No less than the "plan" of each of the sixty families, the sundry variants of these plans are not in the least interested in coördinating the various branches of economy, but rather in increasing the profits of their own monopolistic clique at the expense of other cliques and at the expense of the entire nation. The crossing of such plans in the final reckoning only deepens the anarchy in the national economy. Monopolistic dictatorship and chaos are not mutually exclusive; rather, they supplement and nourish each other.

The crisis of 1929 broke out in the United States one year after Sombart had proclaimed the utter indifference of his "science" to the very problem of crises. From the peak of unprecedented prosperity the economy of the United States was catapulted into the abyss of monstrous prostration. No one in Marx's day could have conceived convulsions of such magnitude! The national income of the United States had risen for the first time in 1920 to sixty-nine billion dollars, only to drop the very next year to fifty billion dollars, i.e., by 27 per cent. In consequence of the prosperity of the next few years, the national income rose again, in 1929, to its highest point of eighty-one billion dollars, only to drop in 1932 to forty billion dollars, i.e., by more than half! During the nine years 1930-1938 were lost approximately forty-three million man-years of labor and 133 billion dollars of the national income, assuming the norms of labor and income of 1929, when there were "only" two million unemployed. If all this is not anarchy, what can possibly be the meaning of that word?

The "Theory of Collapse"

The minds and hearts of middle class intellectuals and trade-union bureaucrats were almost completely enthralled by the achievements of capitalism between the time of Marx's death and the outbreak of the World War. The idea of gradual progress ("evolution") seemed to have been made secure for all time, while the idea of revolution was regarded as a mere relic of barbarism. Marx's prognosis about the mounting concentration of capital, about the aggravation of class contradictions, about the

deepening of crises, and about the catastrophic collapse of capitalism was not amended by partly correcting it and making it more precise, but was countered with the qualitatively contrary prognosis about the more balanced distribution of the national income, about the softening of class contradictions and about the gradual reformation of capitalist society. Jean Jaurès, the most gifted of the social-democrats of that classic epoch, hoped gradually to fill political democracy with social content. In that lay the essence of reformism. Such was the alternative prognosis. What is left of it?

The life of monopolistic capitalism in our time is a chain of crises. Each crisis is a catastrophe. The need of salvation from these partial catastrophes by means of tariff walls, inflation, increase of government spending and debts lays the ground for additional, deeper and more widespread crises. The struggle for markets, for raw materials, for colonies makes military catastrophes unavoidable. All in all, they prepare revolutionary catastrophes. Truly, it is not easy to agree with Sombart that aging capitalism becomes increasingly "calm, sedate and reasonable." It would be more apt to say that it is losing its last vestiges of reason. In any event, there is no doubt that the "theory of collapse" has triumphed over the theory of peaceful development.

The Decay of Capitalism

However expensive the control of the market has been to society, mankind up to a certain stage, approximately until the World War, grew, developed and enriched itself through partial and general crises. The private ownership of the means of production continued to be in that epoch a comparatively progressive factor. But now the blind control by the law of value refuses to render further service. Human progress is stuck in a blind alley. Notwithstanding the latest triumphs of technical thought, the material productive forces are no longer growing. The clearest and most faultless symptom of the decline is the world stagnation of the building industry, in consequence of the stoppage of new investments in the basic branches of economy. Capitalists are simply no longer able to believe in the future of their own system. Construction stimulated by the government means a rise in taxation and the contraction of the "untrammelled" national income,

especially since the main part of the new government construction is directly designed for war purposes.

The marasmus has acquired a particularly malignant and degrading character in the most ancient sphere of human activity, the one most closely connected with the basic vital needs of man —in agriculture. No longer satisfied with the obstacles which private ownership in its most reactionary form, that of small landholdings, places before the development of agriculture, capitalist governments see themselves not infrequently called upon to limit production artificially with the aid of statutory and administrative measures which would have frightened artisans in the guilds at the time of their decline. It will be recorded in history that the government of the most powerful capitalist country granted premiums to farmers for cutting down on their planting, i.e., for artificially diminishing the already falling national income. The results are self-evident: despite grandiose productive possibilities, secured by experience and science, agrarian economy does not emerge from a putrescent crisis, while the number of the hungry, the preponderant majority of mankind, continues to increase faster than the population of our planet. Conservatives consider it sensible politics to defend a social order which has descended to such destructive madness and they condemn the socialist fight against such madness as destructive Utopianism.

Fascism and the New Deal

Two methods for saving historically doomed capitalism are today vying with each other in the world arena—Fascism and the New Deal, in all their manifestations. Fascism bases its program on the demolition of labor organizations, on the destruction of social reforms and on the complete annihilation of democratic rights, in order to forestall a resurrection of the proletariat's class struggle. The fascist state officially legalizes the degradation of workers and the pauperization of the middle classes, in the name of saving the "nation" and the "race"—presumptuous names under which decaying capitalism figures.

The policy of the New Deal, which tries to save imperialist democracy by way of sops to the labor and farmer aristocracy, is in its broad compass accessible only to the very wealthy nations, and so in that sense it is American policy *par excellence*. The government has attempted to shift a part of the costs of that policy to

the shoulders of the monopolists, exhorting them to raise wages and shorten the labor day and thus increase the purchasing power of the population and extend production. Léon Blum attempted to translate this sermon into elementary school French. In vain! The French capitalist like the American, does not produce for the sake of production but for profit. He is always ready to limit production, even to destroy manufactured products, if thereby his own share of the national income will be increased.

The New Deal program is all the more inconsistent in that, while preaching sermons to the magnates of capital about the advantages of abundance over scarcity, the government dispenses premiums for cutting down on production. Is greater confusion possible? The government confutes its critics with the challenge: can you do better? What all this means is that on the basis of capitalism the situation is hopeless.

Beginning with 1933, i.e., in the course of the last six years, the federal government, the states and the municipalities have handed out to the unemployed nearly fifteen billion dollars in relief, a sum quite insufficient in itself and representing merely the smaller part of lost wages, but at the same time, considering the declining national income, a colossal sum. During 1938, which was a year of comparative economic revival, the national debt of the United States increased by two billion dollars past the thirty-eight billion dollar mark, or twelve billion dollars more than the highest point at the end of the World War. Early in 1939 it passed the 40 billion dollar mark. And then what? The mounting national debt is of course a burden on posterity. But the New Deal itself was possible only because of the tremendous wealth accumulated by past generations. Only a very rich nation could indulge itself in so extravagant a policy. But even such a nation cannot indefinitely go on living at the expense of past generations. The New Deal policy with its fictitious achievements and its very real increase in the national debt, leads unavoidably to ferocious capitalist reaction and a devastating explosion of imperialism. In other words, it is directed into the same channels as the policy of fascism.

Anomaly or Norm?

Secretary of the Interior Harold L. Ickes considers it "one of the strangest anomalies in all history" that America, democratic in form, is autocratic in substance: "America, the land of majority rule but controlled at least until 1933 [!] by the monopolies that in their turn are controlled by a negligible number of their stockholders." The diagnosis is correct, with the exception of the intimation that with the advent of Roosevelt the rule of monopoly either ceased or weakened. Yet what Ickes calls "one of the strangest anomalies in all history," is, as a matter of fact, the unquestionable norm of capitalism. The domination of the weak by the strong, of the many by the few, of the toilers by the exploiters is a basic law of bourgeois democracy. What distinguishes the United States from other countries is merely the greater scope and the greater heinousness in the contradictions of its capitalism. The absence of a feudal past, rich natural resources, an energetic and enterprising people, in a word, all the prerequisites that augured an uninterrupted development of democracy, have actually brought about a fantastic concentration of wealth.

Promising this time to wage the fight against monopolies to a triumphant issue, Ickes recklessly harks back to Thomas Jefferson, Andrew Jackson, Abraham Lincoln, Theodore Roosevelt and Woodrow Wilson as the predecessors of Franklin D. Roosevelt. "Practically all of our greatest historical figures," said he on December 30, 1937, "are famous because of their persistent and courageous fight to prevent and control the over-concentration of wealth and power in a few hands." But it follows from his own words that the fruit of this "persistent and courageous fight" is the complete domination of democracy by the plutocracy.

For some inexplicable reason Ickes thinks that this time victory is assured, provided the people understand that the fight is "not between the New Deal and the average enlightened businessman, but between the New Deal and the Bourbons of the sixty families who have brought the rest of the businessmen in the United States under the terror of their domination." This authoritative spokesman does not explain just how the "Bourbons" managed to subjugate all the enlightened businessmen, notwithstanding democracy and the efforts of the "greatest historical figures." The Rockefellers, the Morgans, the Mellons, the Vanderbilts, the

Guggenheims, the Fords & Co. did not invade the United States from the outside, as Cortez invaded Mexico; they grew organically out of the "people," or more precisely, out of the class of "enlightened industrialists and businessmen" and became, in line with Marx's prognosis, the natural apogee of capitalism. Since a young and strong democracy in its hey-day was unable to check the concentration of wealth when the process was only at its inception, is it possible to believe even for a minute that a decaying democracy is capable of weakening class antagonisms that have attained their utmost limit? Anyway, the experience of the New Deal has produced no ground for such optimism. Refuting the charges of big business against the government, Robert H. Jackson, a person high in the councils of the administration, proved with figures that during Roosevelt's tenure the profits of the magnates of capital reached heights they themselves had unlearned to dream about during the last period of Hoover's presidency, from which it follows, in any event, that Roosevelt's fight against monopolies has been crowned with no greater success than the struggle of all his predecessors.

Although they feel themselves called upon to defend the foundations of capitalism, the reformers in the very nature of things prove themselves powerless to harness its laws with economic police measures. What else can they do then but moralize? Mr. Ickes, like the other cabinet members and publicists of the New Deal, winds up by appealing to the monopolists not to forget decency and the principles of democracy. Just how is this better than prayers for rain? Surely, Marx's view of the owner of the means of production is far more scientific. "As a capitalist," we read in *Capital*, "he is merely personified capital. His soul is the soul of capital. But capital has only one single aim in life . . . to create surplus value." If the capitalist's behavior were determined by the attributes of his individual soul or of the lyrical effusions of the Secretary of the Interior, neither average prices nor average wages would be possible, nor bookkeeping, nor all of capitalist economy. Yet bookkeeping continues to flourish and is a strong argument in favor of the materialistic conception of history.

Judicial Quackery

"Unless we destroy monopoly," said the former United States Attorney General Homer S. Cummings in November, 1937, "monopoly will find ways to destroy most of our reform and, in the end, lower the standards of our common life." Citing startling figures to prove that "the trend to an undue concentration of wealth and economic control was unmistakable," Cummings was at the same time forced to admit that the legislative and judicial fight against the trusts has so far led nowhere. "A sinister intent," he complained, "is difficult to establish" when it is a matter of "economic results." That's just the point! Worse than that: the judicial struggle against trusts has brought about "confusion worse confounded." This happy pleonasm rather aptly expresses the helplessness of democratic justice in its fight against the Marxist law of value. There are no grounds for hope that Mr. Cummings' successor, Mr. Frank Murphy, will be more fortunate in solving these tasks, the very posing of which testifies to the hopeless quackery in the sphere of economic thought.

To Bring Back Yesterday

One cannot but agree with Professor Lewis W. Douglas, the former Director of the Budget in the Roosevelt Administration, when he condemns the government for "attacking monopoly in one field while fostering monopoly in many others." Yet in the nature of the thing it cannot be otherwise. According to Marx, the government is the executive committee of the ruling class.

Today monopolists are the strongest section of the ruling class. The government is in no position to fight against monopoly in general, i.e., against the class by whose will it rules. While attacking one phase of monopoly, it is obliged to seek an ally in other phases of monopoly. In union with banks and light industry it can deliver occasional blows against the trusts of heavy industry, which, by the way, do not stop earning fantastic profits because of that.

Lewis Douglas does not counterpose science to the official quackery, but merely another kind of quackery. He sees the source of monopoly not in capitalism but in protectionism, and accordingly, discovers the salvation of society not in the abolition of private ownership of the means of production but in the lowering

of customs tariffs. "Unless the freedom of markets is restored," he predicts, it is "doubtful that the freedom of all institutions—enterprise, speech, education, religion—can survive." In other words, without restoring the freedom of international trade, democracy, wherever and to the extent that it still survives, must yield either to a revolutionary or to a fascist dictatorship. But freedom of international trade is inconceivable without freedom of internal trade, i.e., without competition. And freedom of competition is inconceivable under the sway of monopoly. Unfortunately, Mr. Douglas, quite like Mr. Ickes, like Mr. Jackson, like Mr. Cummings, and like Mr. Roosevelt himself, has not gone to the trouble to initiate us into his own prescription against monopolistic capitalism and thereby—against either a revolution or a totalitarian régime.

Freedom of trade, like freedom of competition, like the prosperity of the middle class, belongs to the irrevocable past. To bring back yesterday, is now the sole prescription of the democratic reformers of capitalism; to bring back more "freedom to small and middle-sized industrialists and businessmen, to change the money and credit system in their favor, to free the market from being bossed by the trusts, to eliminate professional speculators from the Stock Exchange, to restore freedom of international trade, and so forth *ad infinitum*. The reformers even dream of limiting the use of machines and placing a proscription on technique, which disturbs the social balance and causes a lot of worry. A propos of that a leading American scientist remarked with a bitter sneer that apparently security could be achieved only by returning to the happy amoeba or, failing this, to the contented swine.

Millikan and Marxism

Yet unfortunately, this very scientist, Dr. Robert A. Millikan, likewise looks backward rather than forward. Speaking in defense of science on December 7, 1937, he observed: "United States statistics show that the percentage of the population 'gainfully employed' has steadily increased during the last fifty years, when science has been most rapidly applied." This defense of capitalism under the guise of defending science cannot be called a happy one. It is precisely during the last half century that "was

broken the link of times" and the interrelation of economics and technique altered sharply. The period referred to by Millikan includes the beginning of capitalist decline as well as the highest point of capitalist prosperity.

To hush up the beginning of that decline, which is world-wide, is to stand forth as an apologist for capitalism. Rejecting Socialism in an off-hand manner with the aid of arguments that would scarcely do honor even to Henry Ford, Dr. Millikan tells us that no system of distribution can satisfy the needs of man without raising the range of production. Undoubtedly! But it is a pity that the famous physicist did not explain to the millions of American unemployed just how they were to participate in raising the national income. Abstract preachment about the saving grace of individual initiative and high productivity of labor will certainly not provide the unemployed with jobs, nor will it fill the budgetary deficit, nor will it lead the nation's business out of its blind alley.

What distinguished Marx is the universality of his genius, his ability to understand phenomena and processes of various fields in their inherent connection. Without being a specialist in natural sciences, he was one of the first to appreciate the significance of the great discoveries in that field; for example, the theory of Darwinism. Marx was assured that preëminence not so much by virtue of his intellect as by virtue of his method. Bourgeois-minded scientists may think that they are above Socialism; yet Robert Millikan's case is but one more confirmation that in the sphere of sociology they continue to be hopeless quacks. They should learn scientific thinking from Marx.

Productive Possibilties and Private Ownership

In his message to Congress at the beginning of 1937 President Roosevelt expressed his desire to raise the national income to ninety or one hundred billion dollars, without, however, indicating just how. In itself this program is exceedingly modest. In 1929, when there were approximately two million unemployed, the national income reached eighty-one billion dollars. Setting in motion the present productive forces would not only suffice to realize Roosevelt's program but even to surpass it considerably. Machines, raw materials, workers, everything is available, not to mention the population's need for the products. If notwithstanding

that, the plan is unrealizable—and unrealizable it is—the only reason is the irreconcilable antagonism that has developed between capitalist ownership and society's need for expanding production. The famous government-sponsored National Survey of Potential Productive Capacity came to the conclusion that the cost of production and services used in 1929 amounted to nearly ninety-four billion dollars, calculated on the basis of retail prices. Yet if all the actual productive possibilities were utilized, that figure would have risen to 135 billion dollars, which would have averaged $4,370.00 a year per family, sufficient to secure a decent and comfortable living. It must be added that the calculations of the National Survey are based on the present productive organization of the United States, as it came about in consequence of capitalism's anarchic history. If the equipment itself were re-equipped on the basis of a unified socialist plan, the productive calculations could be considerably surpassed and a high comfortable standard of living, on the basis of an extremely short labor day, assured to all the people.

Therefore, to save society, it is not necessary either to check the development of technique, to shut down factories, to award premiums to farmers for sabotaging agriculture, to turn a third of the workers into paupers, or to call upon maniacs to be dictators. Not one of these measures, which are a shocking mockery of the interests of society, are necessary. What is indispensable and urgent is to separate the means of production from their present parasitic owners and to organize society in accordance with a rational plan. Then it would at once be possible really to cure society of its ills. All those able to work would find a job. The work-day would gradually decrease. The wants of all members of society would secure increasing satisfaction. The words "property," "crisis," "exploitation," would drop out of circulation. Mankind would at last cross the threshold into true humanity.

The Inevitability of Socialism

"Along with the constantly diminishing number of the magnates of capital . . ." says Marx, "grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organized by the very mech-

anism of the process of capitalist production itself. Centralization of the means of production and socialization of labor at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated." That is the Socialist revolution. To Marx, the problem of reconstituting society did not arise from some prescription, motivated by his personal predilections; it followed, as an iron-clad historical necessity—on the one hand, from the productive forces grown to powerful maturity; on the other, from the impossibility further to foster these forces at the mercy of the law of value.

The lucubrations of certain intellectuals on the theme that, regardless of Marx's teaching, socialism is not *inevitable* but merely *possible*, are devoid of any content whatsoever. Obviously, Marx did not imply that socialism would come about without man's volition and action: any such idea is simply an absurdity. Marx foretold that out of the economic collapse in which the development of capitalism must inevitably culminate—and this collapse is before our very eyes—there can be no other way out except socialization of the means of production. The productive forces need a new organizer and a new master, and, since existence determines consciousness, Marx had no doubt that the working class, at the cost of errors and defeats, will come to understand the actual situation and, sooner or later, will draw the imperative practical conclusions.

That socialization of the capitalist-created means of production is of tremendous economic benefit is today demonstrable not only in theory but also by the experiment of the U.S.S.R., notwithstanding the limitations of that experiment. True, capitalistic reactionaries, not without artifice, use Stalin's régime as a scarecrow against the ideas of socialism. As a matter of fact, Marx never said that socialism could be achieved in a single country, and moreover, a backward country. The continuing privations of the masses in the U.S.S.R., the omnipotence of the privileged caste, which has lifted itself above the nation and its misery, finally, the rampant club-law of the bureaucrats are not consequences of the socialist method of economy but of the isolation and backwardness of the U.S.S.R. caught in the ring of capitalist encirclement. The wonder is that under such exceptionally unfavorable conditions planned economy has managed to demonstrate its insuperable benefits.

All the saviours of capitalism, the democratic as well as the fascist kind, attempt to limit, or at least to camouflage, the power of the magnates of capital, in order to forestall "the expropriation of the expropriators." They all recognize, and many of them openly admit, that the failure of their reformist attempts must inevitably lead to socialist revolution. They have all managed to demonstrate that their methods of saving capitalism are but reactionary and helpless quackery. Marx's prognosis about the inevitability of socialism is thus fully confirmed by proof of the negative.

The Inevitability of Socialist Revolution

The program of "Technocracy," which flourished in the period of the great crisis of 1929-1932, was founded on the correct premise that economy can be rationalized only through the union of technique at the height of science and government at the service of society. Such a union is possible, provided technique and government are liberated from the slavery of private ownership. That is where the great revolutionary task begins. In order to liberate technique from the cabal of private interests and place the government at the service of society, it is necessary to "expropriate the expropriators." Only a powerful class, interested in its own liberation and opposed to the monopolistic expropriators, is capable of consummating this task. Only in unison with a proletarian government can the qualified stratum of technicians build a truly scientific and a truly national, i.e., a socialist economy.

It would be best, of course, to achieve this purpose in a peaceful, gradual, democratic way. But the social order that has outlived itself never yields its place to its successor without resistance. If in its day the young forceful democracy proved incapable of forestalling the seizure of wealth and power by the plutocracy, is it possible to expect that a senile and devastated democracy will prove capable of transforming a social order based on the untrammelled rule of sixty families? Theory and history teach that a succession of social régimes presupposes the highest form of the class struggle, i.e., revolution. Even slavery could not be abolished in the United States without a civil war. "Force is the midwife of every old society pregnant with a new one." No one has yet been able to refute Marx on this basic tenet in the sociology of class society. Only a socialist revolution can clear the road to socialism.

Marxism in the United States

The North American republic has gone further than others in the sphere of technique and the organization of production. Not only Americans but all of mankind will build on that foundation. However, the various phases of the social process in one and the same nation have varying rhythms, depending on special historical conditions. While the United States enjoys tremendous superiority in technology, its economic thought is extremely backward in both the right and left wings. John L. Lewis has about the same views as Franklin D. Roosevelt. Considering the nature of his office, Lewis' social function is incomparably more conservative, not to say reactionary, than Roosevelt's. In certain American circles there is a tendency to repudiate this or that radical theory without the slightest scientific criticism, by simply dismissing it as "un-American." But where can you find the differentiating criterion of that?

Christianity was imported into the United States along with logarithms, Shakespeare's poetry, notions on the rights of man and the citizen, and certain other not unimportant products of human thought. Today Marxism stands in the same category.

Secretary of Agriculture Henry A. Wallace imputed to the author of these lines . . . "a dogmatic thinness which is bitterly un-American" and counterposed to Russian dogmatism the opportunist spirit of Jefferson, who knew how to get along with his opponents. Apparently, it has never occurred to Mr. Wallace that a policy of compromise is not a function of some immaterial national spirit, but a product of material conditions. A nation rapidly growing rich has sufficient reserves for conciliation between hostile classes and parties. When, on the other hand, social contradictions are sharpened, the ground for compromise disappears. America was free of "dogmatic thinness" only because it had a plethora of virgin areas, inexhaustible resources of natural wealth and, it would seem, limitless opportunities for enrichment. True, even under these conditions the spirit of compromise did not prevent the Civil War when the hour for it struck. Anyway, the material conditions which made up the basis of "Americanism" are today increasingly relegated to the past. Hence the profound crisis of traditional American ideology.

Empiric thinking, limited to the solution of immediate tasks from time to time, seemed adequate enough in labor as well as in

bourgeois circles as long as Marx's laws of value did everybody's thinking. But today that very law is in irreconcilable contradiction with itself. Instead of urging economy forward, it undermines its foundations. Conciliatory eclectic thinking, with its philosophic apogee, pragmatism, becomes utterly inadequate, while an unfavorable or disdainful attitude toward Marxism as a "dogma"—is increasingly insubstantial, reactionary and downright funny. On the contrary, it is the traditional ideas of "Americanism" that have become lifeless, petrified "dogma," giving rise to nothing but errors and confusion. At the same time, the economic teaching of Marx has acquired peculiar viability and pointedness for the United States. Although *Capital* rests on international material, preponderantly English, in its theoretical foundation it is an analysis of pure capitalism, capitalism in general, capitalism as such. Undoubtedly, the capitalism grown on the virgin, unhistorical soil of America comes closest to that ideal type of capitalism.

Saving Mr. Wallace's presence, America developed economically not in accordance with the principles of Jefferson, but in accordance with the ideas of Marx. There is as little offense to national self-esteem in acknowledging that as in recognizing that America turns around the sun in accordance with the laws of Newton. The more Marx is ignored in the United States, the more compelling becomes his teaching now. *Capital* offers a faultless diagnosis of the malady and an irreplaceable prognosis. In that sense the teaching of Marx is far more permeated with new "Americanism" than the ideas of Hoover and Roosevelt, of Green and Lewis.

True, there is a widespread original literature in the United States devoted to the crisis of American economy. In so far as conscientious economists offer an objective picture of the destructive trends of American capitalism, their investigations, regardless of their theoretical premises, which are usually lacking anyway, look like direct illustrations of Marx's theory. The conservative tradition makes itself known, however, when these authors stubbornly restrain themselves from definitive conclusions, limiting themselves to gloomy predictions or such edifying banalities as "the country must understand," "public opinion must certainly consider," and the like. These books look like a knife without a blade or like a compass without its indicator.

The United States had Marxists in the past, it is true, but they were a strange type of Marxist, or rather, three strange types. In the first place, these were the émigrés cast out of Europe, who did what they could but could not find any response; in the second place, isolated American groups, like the De Leonists, who in the course of events, and because of their own mistakes, turned themselves into sects; in the third place, dilettantes attracted by the October Revolution and sympathetic to Marxism as an exotic teaching that had little to do with the United States. Their day is over. Now dawns the new epoch of an independent class movement of the proletariat and at the same time of—genuine Marxism. In this too, America will in a few jumps catch up with Europe and outdistance it. Progressive technique and a progressive social structure will pave their own way in the sphere of doctrine. The best theoreticians of Marxism will appear on American soil. Marx will become the mentor of the advanced American workers. To them this abridged exposition of the first volume will become only an initial step toward the complete Marx.

Capitalism's Ideal Mirror

At the time the first volume of *Capital* was published world domination by the British bourgeoisie was as yet unchallenged. The abstract laws of commodity economy naturally found their fullest embodiment—i.e., the one least dependent on past influence—in the country where capitalism had achieved its highest development. While relying in his analysis mainly on England, Marx had not only England in view, but the entire capitalist world. He used the England of his day as capitalism's best contemporaneous mirror.

Now only memories are left of British hegemony. The advantages of capitalistic primogeniture have turned into disadvantages. England's technical and economic structure has become outworn. The country continues to depend for its world position on the colonial empire, a heritage of the past, rather than on an active economic potential. That explains, incidentally, Chamberlain's Christian charity toward the international gangsterism of the fascists, which has so astonished everybody. The English bourgeoisie cannot help realizing that its economic decline has become thoroughly incompatible with its position in the world and that a new war threatens to bring about the downfall of the British

Empire. Essentially similar is the economic basis of France's "pacifism."

Germany on the contrary, has utilized in its rapid capitalistic ascent the advantages of historic backwardness, by arming itself with the most complete technique in Europe. Having a narrow national base and paucity of natural resources, Germany's dynamic capitalism of necessity became transformed into the most explosive factor in the so-called balance of world powers. Hitler's epileptic ideology is only a reflected image of the epilepsy of German capitalism.

In addition to numerous invaluable advantages of a historical character, the development of the United States enjoyed the preeminence of an immeasurably larger territory and incomparably greater natural wealth than Germany's. Having considerably outstripped Great Britain, the North American republic became at the beginning of this century the chief stronghold of the world bourgeoisie. There all the potentialities implanted in capitalism found their highest expression. Nowhere else on our planet can the bourgeoisie in any way exceed its achievements in the dollar republic, which has become for the twentieth century capitalism's most perfect mirror.

For the same reasons that Marx preferred to base his exposition on English statistics, English parliamentary reports, English "Blue Books," and the like, we have resorted in our modest introduction to evidence chiefly from the economic and political experience of the United States. It would not be difficult, needless to say, to cite analogous facts and figures from the life of any other capitalist country. But that would not add anything essential. The conclusions would remain the same, only the examples would be less striking.

The economic policy of the Popular Front in France, was as one of its financiers aptly put it, an adaptation of the New Deal "for Lilliputians." It is perfectly obvious that in a theoretical analysis it is immeasurably more convenient to deal with Cyclopean than with Lilliputian magnitudes. It is the very immensity of Roosevelt's experiment which shows that only a miracle can save the world-wide capitalist system. But it so happens that the development of capitalist production put a stop to the production of miracles. Incantations and prayers abound, miracles never come. However, it is clear that if the miracle of capitalism's rejuvenation

could happen anywhere at all, it would be nowhere else but in the United States. Yet this rejuvenation was not achieved. What the Cyclops failed to attain, the Lilliputians are even less able to accomplish. To lay the foundation for that simple conclusion, is the sense of our excursion into the field of American economy.

Mother Countries and Colonies

"The country that is more developed industrially," Marx wrote in the preface to the first edition of his *Capital*, "only shows to the less developed the image of its own future." Under no circumstances can this thought be taken literally. The growth of productive forces and the deepening of social inconsistencies is undoubtedly the lot of every country that has set out on the road of bourgeois development. However, the disproportion of tempos and standards, which goes through all of mankind's development and basically has its natural as well as its historical reasons, not only became especially acute under capitalism, but gave rise to the complex interdependence of subordination, exploitation, and oppression between countries of different economic types.

Only a minority of countries has fully gone through that systematic and logical development from handicraft through domestic manufacture to the factory, which Marx subjected to such detailed analysis. Commercial, industrial and financial capital invaded backward countries from the outside, partly destroying the primitive forms of native economy and partly subjecting them to the world-wide industrial and banking system of the West. Under the whip of imperialism the colonies and semi-colonies found themselves compelled to disregard the intervening stages, at the same time artificially hanging on at one level or another. India's development did not duplicate England's development; it was a supplement to it. However, in order to understand the combined type of development of backward and dependent countries like India, it is always necessary to bear in mind the classical scheme Marx derived from England's development. The law of labor value guides equally the calculations of speculators in London's City and the money changing transactions in the most remote corners of Hyderabad, except that in the latter case it assumes more simple and less crafty forms.

Disproportion of development brought tremendous benefits to

the advanced countries, which although in varying degrees, continued to develop at the expense of the backward ones, by exploiting them, by converting them into their colonies, or at least, by making it impossible for them to get in among the capitalist aristocracy. The fortunes of Spain, Holland, England, France were obtained not only from the surplus labor of their own proletariat, not only by devastating their own petty bourgeoisie, but also through the systematic pillage of their overseas possessions. The exploitation of classes was supplemented, and its potency increased by the exploitation of nations.

The bourgeoisie of the mother countries was enabled to secure a privileged position for its own proletariat, especially the upper layers, by paying for it with some of the superprofits garnered in the colonies. Without that any sort of stable democratic régime would have been utterly impossible. In its expanded manifestation bourgeois democracy became, and continues to remain, a form of government accessible only to the most aristocratic and the most exploitive nations. Ancient democracy was based on slavery, imperialist democracy—on the spoliation of colonies.

The United States, which formally has almost no colonies, is nevertheless the most privileged of all the nations of history. Active immigrants from Europe took possession of an exceedingly rich continent, exterminated the native population, seized the best part of Mexico and bagged the lion's share of the world's wealth. The deposits of fat thus accumulated continue to be useful even now, in the epoch of decline, for greasing the gears and wheels of democracy.

Recent historical experience, as well as theoretical analysis, attests that the rate of a democracy's development and its stability are in inverse ratio to the tension of class contradictions. In the less privileged capitalist countries (Russia, on the one hand; Germany, Italy and the like, on the other), which were unable to engender a numerous and stable labor aristocracy, democracy was never developed to any extent and succumbed to dictatorship with comparative ease. However, the continuing progressive paralysis of capitalism is preparing the same fate for the democracies of the most privileged and the richest nations; the only difference is in dates. The uncontrollable deterioration in the living conditions of the workers makes it less and less possible for the bourgeoisie to grant the masses the right of participation

in political life, even within the limited framework of bourgeois parliamentarism. Any other explanation of the manifest process of democracy's dislodgment by fascism is an idealistic falsification of things as they are, either deception or self-deception.

While destroying democracy in the old mother countries of capital, imperialism at the same time hinders the rise of democracy in the backward countries. The fact that in the new epoch not a single one of the colonies or semi-colonies has consummated its democratic revolution—above all in the field of agrarian relations—is entirely due to imperialism, which has become the chief brake on economic and political progress. Plundering the natural wealth of the backward countries and deliberately restraining their independent industrial development, the monopolistic magnates and their governments simultaneously grant financial, political and military support to the most reactionary, parasitic, semi-feudal groups of native exploiters. Artificially preserved agrarian barbarism is today the most sinister plague of contemporary world economy. The fight of the colonial peoples for their liberation, passing over the intervening stages, transforms itself of necessity into a fight against imperialism, and thus aligns itself with the struggle of the proletariat in the mother countries. Colonial uprisings and wars in their turn rock the foundations of the capitalist world more than ever and render the miracle of its regeneration less than ever possible.

Planned World Economy

Capitalism achieved the twin historical merit of having placed technique on a high level and having bound all parts of the world with economic ties. Thus it pledged the material prerequisites for the systematic utilization of all of our planet's resources. However, capitalism is in no position to fulfill this urgent task. The nidus of its expansion continues to consist of circumscribed nationalist states with their customs houses and armies. Yet the productive forces have long outgrown the boundaries of the national state, thereby transforming what was once a progressive historical factor into an unendurable restraint. Imperialist wars are nothing else than the detonations of productive forces against the state borders, which have come to be too confining for them. The program of so-called autarchy has nothing to do with going

back to a self-sufficient circumscribed economy. It only seems that the national base is being made ready for a new war.

After the Versailles Treaty was signed it was generally believed that the terrestrial globe had been pretty well subdivided. But more recent events have served to remind us that our planet continues to contain lands that have not yet been either plundered or sufficiently plundered. Italy has enslaved Abyssinia. Japan is trying to possess China. Tired of waiting for the return of its former colonies, Germany transformed Czechoslovakia into a colony. Italy broke into Albania. The fate of the Balkan Peninsula is in question. The United States is alarmed by the encroachments of "outsiders" in Latin America. The struggle for colonies continues to be part and parcel of the policy of imperialistic capitalism. No matter how thoroughly the world is divided, the process never ends, but only again and again places on the order of the day the question of a new redivision of the world in line with altered relations between imperialistic forces. Such is the actual reason today for rearmaments, diplomatic convulsions and war alignments.

All attempts to represent the impending war as a clash between the ideas of democracy and fascism belong to the realm either of charlatanism or stupidity. Political forms change, capitalist appetites remain. If a fascist régime were to be established tomorrow on either side of the English Channel—and hardly anyone will dare to deny such a possibility—the Paris and London dictators would be just as little able to give up their colonial possessions as Mussolini and Hitler their colonial claims. The furious and hopeless struggle for a new division of the world follows irresistibly from the mortal crisis of the capitalist system.

Partial reforms and patchwork will do no good. Historical development has come to one of those decisive stages when only the direct intervention of the masses is able to sweep away the reactionary obstructions and lay the foundations of a new régime. Abolition of private ownership in the means of production is the first prerequisite to planned economy, i.e., the introduction of reason into the sphere of human relations, first on a national and eventually on a world scale. Once it begins, the socialist revolution will spread from country to country, with immeasurably greater force than fascism spreads today. By the example and with the aid of the advanced nations, the backward nations will

also be carried away into the main stream of socialism. The thoroughly rotted customs toll-gates will fall. The contradictions which rend Europe and the entire world asunder will find their natural and peaceful solution within the framework of a Socialist United States in Europe as well as in other parts of the world. Liberated humanity will draw itself up to its full height.

Coyoacan, D. F., Mexico.
April 18, 1939.